

Message Text

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ACTION EA-12

INFO OCT-01 ISO-00 SS-15 EB-08 STR-07 TRSE-00 NSC-05
COME-00 AGRE-00 CIAE-00 INR-10 NSAE-00 PA-02
ICA-20 XMB-04 /084 W
-----123938 261036Z /14
R 260935Z MAY 78
FM AMEMBASSY TOKYO
TO SECSTATE WASHDC 8279

UNCLAS SECTION 01 OF 02 TOKYO 09589

E.O. 11652: N/A
TAGS: ETRD, EFIN, BEXP, JA, US
SUBJECT: JAPAN'S SPECIAL IMPORT PROGRAM

REF: STATE 117371

1. SUMMARY: CRITERIA FOR ELIGIBILITY OF JAPANESE IMPORTS FOR FOREIGN CURRENCY EMERGENCY IMPORT FINANCING SCHEMES HAVE RECENTLY BEEN DECIDED BY GOJ AND INCLUDE (A) A STANDARD LIST OF PRODUCTS THAT WILL AUTOMATICALLY BE GIVEN CONSIDERATION AND (B) PROCEDURES FOR ADDING ADDITIONAL ITEMS ON A CASE BY CASE BASIS. JAPANESE IMPORTER MUST GAIN APPROVAL OF COMPETENT MINISTRY AND MINISTRY OF FINANCE TO HAVE PROPOSED IMPORTS QUALIFIED FOR INCLUSION IN PROGRAM. END SUMMARY.

2. WITHIN RECENT DAYS GOJ HAS CLARIFIED ITS PROCEDURES FOR IMPLEMENTING THE EXPANDED EMERGENCY IMPORT FINANCING PROGRAM ANNOUNCED APRIL 21 (TOKYO 07098) AND JAPAN EXIMBANK HAS PROVIDED EMBASSY WITH DETAILED EXPLANATION OF PROCEDURES TO BE USED IN IMPLEMENTING SCHEME. THE FINANCIAL TERMS OF THE SCHEMES ARE AS SUMMARIZED IN STATE 117371. AS SUGGESTED IN PARA 5, TOKYO 7089 THE MEDGETARY LIMITS ON THE PROGRAMS ARE QUITE FLEXIBLE. THE DIET-APPROVED JFY 78 FLIP BUDGET FROM JAPAN EXIM
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FORMALLY INCLUDES PROVISIONS FOR 81.9 BILLION YEN. HOWEVER, EXIM OFFICIAL CONFIRMED THAT, UNDER THE GOVERNMENT'S DISCRETIONARY AUTHORITY, FUNDING FOR FOREIGN CURRENCY PROGRAM COULD BE CONSIDERABLY EXPANDED SINCE IT DOES NOT COMPETE FOR EITHER TAX REVENUE OR YEN FUNDS FROM THE TRUST FUND BUREAU.

3. ELIGIBILITY CRITERIA FOR THE PROGRAM ARE:

- A) THE IMPORTS SHOULD BE CARRIED OUT IN JFY 78.
- B) THE IMPORTS SHOULD REDUCE THE CURRENT ACCOUNT SURPLUS AND CONTRIBUTE TO THE GENERAL ECONOMIC WELFARE.
- C) THEY SHOULD IMPROVE INTERNATIONAL RELATIONS BUT NOT DISRUPT HEALTHY DOMESTIC AND INTERNATIONAL TRANSACTIONS.
- D) THE PROJECTS SHOULD BE DIFFICULT TO CARRY OUT WITHOUT FOREIGN CURRENCY FINANCING.
- E) THE LONG-TERM FIXED RATE FACILITY SHOULD BE RESTRICTED TO IMPORTS FOR WHICH LONG-TERM FINANCING IS OTHERWISE APPROPRIATE.

4. IN ADDITION TO PRODUCTS MEETING THE FOREGOING CRITERIA FOR EMERGENCY IMPORT FINANCING, ANY ITEMS CURRENTLY ON JAPAN EXIMBANK'S LIST OF ESSENTIAL PRODUCTS ELIGIBLE FOR ITS ORDINARY IMPORT CREDIT WILL BE CONSIDERED ELIGIBLE FOR THE NEW PROGRAMS, IF THE ABOVE CRITERIA ARE MET. THIS LIST CONSISTS OF ENERGY RESOURCES, INCLUDING PETROLEUM, PETROLEUM GAS, NATURAL GAS, URANIUM, MINERAL RESOURCES SUCH AS IRON ORE, COPPER, PHOSPHATE, COKING COAL, ETC., OTHER RAW MATERIALS INCLUDING SALT, LUMBER, WOOD CHIPS, PULP, AND "OTHER" CATEGORY WHICH INCLUDES AIRCRAFT. TO BE QUALIFIED FOR THE FINANCING SCHEME, IMPORTS NOT ON THIS LIST MUST NOT ONLY MEET THE ABOVE CRITERIA BUT RECEIVE THE APPROVAL OF THE MINISTRY OF FINANCE, ON THE BASIS OF A RECOMMENDATION BY THE COMPETENT

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MINISTRY. ELIGIBILITY FOR SUCH ADDITIONAL ITEMS WILL BE DETERMINED ON A CASE-BY-CASE BASIS. WE WERE TOLD NO OTHER PRODUCTS HAVE AS YET BEEN ADDED TO THE LIST ALTHOUGH A MEDICAL EQUIPMENT PROPOSAL IS WELL ADVANCED. (NOT WITHSTANDING SEOUL 4391, THE EXIM EARLIER THIS WEEK DESCRIBED THE AIRCRAFT LEASING SCHEME AS STILL BEING IN THE DISCUSSION STAGE. VISIT OF U.S. EXIM OFFICIALS NEXT WEEK WILL PROVE FURTHER OPPORTUNITY TO CLARIFY STATUS OF THIS SCHEME.)

5. IN PRINCIPLE, THE CREDITS WILL BE 100 PERCENT JAPAN EXIM FINANCING BUT, IF NECESSARY, SYNDICATED FINANCING WITH PRIVATE FINANCIAL INSTITUTIONS WILL BE APPROVED. THE CREDITS WILL BE EXCLUSIVELY BUYER CREDITS. THUS IT WILL BE UP TO THE JAPANESE BUYER TO SECURE FINANCING UNDER THE SCHEME. FOR IMPORTS THAT FALL UNDER THE ESTABLISHED LIST, DIRECT APPLICATION SHOULD BE MADE TO THE COMPETENT MINISTRY. NO SPECIAL APPLICATION FORMS ARE REQUIRED.

6. FOR OFF-LIST IMPORTS, THE FIRST STEP IS ALSO FOR THE IMPORTER TO REQUEST APPROVAL FOR THE ITEM DIRECTLY FROM

THE COMPETENT MINISTRY. FOR MANY, BUT NOT ALL, PRODUCTS,
MITI IS THE COMPETENT MINISTRY, AND THE INTERNATIONAL
TRADE ADMINISTRATION BUREAU IS RESPONSIBLE FOR OVERALL
COORDINATION.

THE COMPETENT MINISTRY MUST THEN SUBMIT ITS RECOMMENDATION
TO MOF (BANKING BUREAU, SPECIAL BANKS DIV) WHICH IN TURN,
ON THE BASIS OF ITS DECISION, MAKES A RECOMMENDATION TO
JAPAN EXIM ABOUT WHETHER OR NOT A LOAN SHOULD BE EXTENDED.
EXIM OFFICIAL STRESSED THAT EXIMBANK COULD NOT ACT UNTIL
OTHER INTERESTED MINISTRIES HAD MADE A JUDGMENT THAT A
PROPOSAL QUALIFIED FOR EMERGENCY IMPORT FINANCING. HE
ALSO SAID THAT, ALTHOUGH HE COULD NOT GIVE ANY FIRM
ESTIMATE OF HOW LONG IT MIGHT TAKE TO COMPLETE THE
APPROVAL PROCESS, PROMPT ACTION WOULD BE EXPECTED
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BECAUSE OF THE TIGHT DEADLINES IN THE PROGRAM AND THE

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COME-00 AGRE-00 CIAE-00 INR-10 NSAE-00 PA-02
ICA-20 XMB-04 /084 W
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R 260935Z MAY 78
FM AMEMBASSY TOKYO
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UNCLAS SECTION 02 OF 02 TOKYO 09589

E.O. 11652: N/A
TAGS: ETRD, EFIN, BEXP, JA, US
SUBJECT: JAPAN'S SPECIAL IMPORT PROGRAM

REF: STATE 117371

1. SUMMARY: CRITERIA FOR ELIGIBILITY OF JAPANESE IMPORTS
FOR FOREIGN CURRENCY EMERGENCY IMPORT FINANCING SCHEMES
HAVE RECENTLY BEEN DECIDED BY GOJ AND INCLUDE (A) A

STANDARD LIST OF PRODUCTS THAT WILL AUTOMATICALLY BE GIVEN CONSIDERATION AND (B) PROCEDURES FOR ADDING ADDITIONAL ITEMS ON A CASE BY CASE BASIS. JAPANESE IMPORTER MUST GAIN APPROVAL OF COMPETENT MINISTRY AND MINISTRY OF FINANCE TO HAVE PROPOSED IMPORTS QUALIFIED FOR INCLUSION IN PROGRAM. END SUMMARY.

STRONG GOJ SUPPORT FOR IT.

7. EMBOFF NOTED THAT TEN-YEAR MATURITIES AT PREFERENTIAL FIXED INTEREST RATES SHOULD BE PARTICULARLY ATTRACTIVE FOR FINANCING OF IMPORTS OF MANUFACTURES, ESPECIALLY CAPITAL GOODS. EXIM OFFICIAL AGREED BUT SAID SINCE THE LENGTHENED MATURITIES AT FIXED INTEREST TERMS WERE ANNOUNCED IN MID-APRIL JAPAN EXIM HAS NOT NOTICED ANY SIGNIFICANT PICKUP IN INQUIRIES CONCERNING IMPORTS OF UNCLASSIFIED

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MANUFACTURED GOODS. HE SAID THERE HAD BEEN RELATIVELY FEW APPLICATIONS FOR IMPORTS OF MANUFACTURED GOODS FROM U.S. HE WAS AWARE OF THE GE/MITSUI POWER PLANT PROJECT NOTED IN STATE 117371, SAYING THAT MITI AND MOF WOULD HAVE TO DECIDE, BUT HE LEFT UNCLEAR WHETHER A FORMAL REQUEST HAD BEEN RECEIVED BY MITI. HE ASKED WHETHER U.S. EX-IM BANK WOULD PREFER TO FINANCE THIS PROJECT.

8. IMPORTS AUTHORIZED TO DATE UNDER THE PROGRAM ARE:

DATE	ITEM	VALUE
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DEC 77	URANIUM CONCENTRATE	YEN 5.6 BIL (\$18.3 MIL)
-	IMPORTS FROM AUSTRALIA	

MAR 78	URANIUM CONCENTRATE	YEN 16.4 BIL (\$62.8 MIL)
-	IMPORTS FROM AUSTRALIA	
-	AND U.S.	

UNKNOWN	HELICOPTER	YEN .3 BIL (\$1.4 MIL)
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PRESS ALSO REPORTS FOLLOWING ADDITIONAL PROJECTS IN SOME STAGE OF CONSIDERATION.

ITEM	VALUE
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IRON ORE	\$256 MIL
NICKEL ORE	\$ 70 MIL
CHROME ORE	8 MIL

AIRCRAFT FOR LEASE	230 MIL
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MEDICAL EQUIPMENT 60 MIL
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ENRICHED URANIUM SERVICES FROM 1.0 BIL
U.S.

REIMPORT OF FOREIGN REGISTERED UNKNOWN
JAPANESE SHIPS AND SECONDHAND
SHIPS FOR SCRAP

9. AS SUGGESTED ABOVE, THE SPECIAL IMPORT FINANCING
ARRANGEMENTS RELY PRIMARILY ON THE JAPANESE IMPORTER TO
INITIATE THE TRANSACTION. IT APPEARS TO EMBASSY THAT
U.S. EXPORTERS SHOULD ACTIVELY ENCOURAGE THEIR CUSTOMERS
TO APPLY TO GOJ TO QUALIFY ON IMPORTS THAT APPEAR TO
MEET THE CRITERIA LAID OUT ABOVE.

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